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GOVERNMENT OF INDIA
MINISTRY OF COMMERCE
RESOLUTION
TARIFFS

New Delhi, the 5th July 1948

No. 1-T(13)/48.—Prices of indigenous paper were last investigated by the Commodities Prices Board in August 1947. After scrutinising the data available, which admittedly was very meagre, the Board reached the conclusion that it would be proper to assume an overall increase in the cost of production of paper of about an anna per lb. between 1946 and the second quarter of 1947. In view, however, of the fact that the Industry enjoyed a very high margin of profit in 1946, the Board was of the opinion that the Industry should bear half of the calculated increase in overall costs. They accordingly recommended that for Government purchase the price of bleached printing white paper be increased from the then existing price of Annas 5 Ps. 10½ to Annas 6 Ps. 4 with effect from the 1st April, 1947 and the prices of other varieties of paper be fixed in accordance with the rationalisation scheme. As regards the prices of different varieties of paper for supply to non-Government consumers, the Board recommended that these should be determined in the manner agreed upon between Government and Industry, *viz.*, price for Government purchase *plus* 7½ per cent. for the preference given to Government as a bulk purchaser, *plus* 8½ per cent. to cover distributor's discount *plus* 6 pies per lb. to cover the average freight from Mills to the consuming centres. For duplex, triplex and ticket boards, however, no immediate increase in prices was recommended by the Board.

2. The Government of India accepted the recommendations of the Board *in toto*. Although the revised prices for Government purchases became effective from the 1st April, 1947 for non-Government users, they could be brought into force only with effect from the 1st December 1947.

3. The Industry has been continuously submitting representations against the decision of Government and expressing their dissatisfaction over it. They were told that if the paper industry did not consider the increase given in paper prices as sufficient, it was for them to make out a case for a further increase. The industry has accordingly represented that prices of paper should be further increased for the following reasons:—

- (i) World prices of paper are higher than Indian prices for similar qualities—particularly writing and white printing paper.
- (ii) Bigger and more efficient paper mills have suffered a big drop in profits over the last six months, whereas some of the smaller units have suffered heavy losses.

(iii) There has been a large increase in the cost of raw materials since the Commodities Prices Board made its recommendations.

(iv) Further substantial increases in the cost of production are anticipated in the coming year which should be taken into account when fixing final prices now, as otherwise it will not be possible to catch up the losses.

4. Government have gone into this question carefully and consider that there is force in the contention that there has been a rise in the cost of production of paper and that a *prima facie* case has been established for referring the matter to the Tariff Board for investigation. In the meantime, to prevent the closing down of a number of paper mills, which are actually facing the crisis, it has been decided to grant an interim increase of 1 anna per lb. in Government prices. This will mean an increase of about $1\frac{1}{2}$ annas in the notified prices, including an increase of 3 pies per lb. on account of freight. This increase is, of course, without prejudice to whatever may be the final decision of Government on the Tariff Board's recommendations. No increase has, however, been allowed in the case of Duplex, Triplex and Ticket boards.

5. Having regard to what is stated in the preceding paragraphs, the Tariff Board is requested to conduct necessary enquiries on the representation made by the paper industry for an increase in prices of paper including those of Duplex, Triplex and Ticket boards and submit a report to Government as early as possible.

ORDER

ORDERED that a copy of this Resolution be communicated to all Provincial Governments, all Chief Commissioners, the several Ministries of the Government of India, Prime Minister's Secretariat, Cabinet Secretariat, the Private and Military Secretaries to His Excellency the Governor-General, the Central Board of Revenue, the Auditor General, the Director General of Employment and Resettlement, the Director General, Industry and Supply, the High Commissioner for India in London, the Economic Adviser to the Government of India, the Director General of Commercial Intelligence and Statistics, Calcutta, the Indian Trade Commissioner, London, the Indian Trade Commissioners at New York, Buenos Aires, Toronto, Alexandria, Colombo, Paris, Bombay, Tehran and Sydney. His Majesty's Senior Trade Commissioner in India, the United States Embassy, New Delhi, the Canadian Trade Commissioner in India, the Australian Trade Commissioner in India, Norwegian Consul General, Bombay, the High Commissioner for India in Pakistan, Karachi, the High Commissioner for Pakistan in India, New Delhi, the Secretary Tariff Board, Bombay, and all recognised Chambers of Commerce and Associations.

ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the *Gazette of India*.

S. RANGANATHAN, Jt. Secy.